<u>REMARKS/ARGUMENTS</u>

The Applicants respectfully request further examination and consideration in view of the amendments above and the arguments set forth fully below. Claims 1-4, 6-10, 12, 13, 15-21, 23, 27-30, 34-36, 40, 41, and 43-51 are pending in this application. Claims 1-4, 6-10, 12, 13, 15-21, 23, 27-30, 34-36, 40, 41, and 43-51 stand rejected under 35 U.S.C. 103(a). By the above amendments, claim 1 is amended. Accordingly, claims 1-4, 6-10, 12, 13, 15-21, 23, 27-30, 34-36, 40, 41, and 43-51 are currently pending in this application.

<u>RESPONSE TO ADVISORY ACTION</u>

Within the Advisory Action, the Examiner acknowledges that the combination of recommend-it and MileNet do not teach transacting a purchase for a marketable entity. The Examiner points out that the combination of recommend-it and MileNet teach a first user using and installing software and then recommending it to a second user. The Examiner further states that the references are silent as to if the software is purchased or not by the users but it would make sense to have replaced a non-purchase based referral system with a purchase-based system. However, the references are not silent as to if the software is purchased. MileNet explicitly states that the software is free to the user (MileNet, page 1, first paragraph). MileNet specifically describes itself an advertiser driven model. It is well known that advertiser-based models make money by attracting user to their website, and to entice the users to click on the advertisements. Requiring the users to purchase the software restricts the number of users that will access the advertisements. Thus, the advertiser-based model would not require a user to buy access, in the form of buying the software, to the advertisements. Completely different approaches are used for purchase-based models than for non-purchase-based models, such as the advertiser-based model, and as such are not interchangeable as suggested by the Examiner.

Recommend-it also does not teach a purchase-based model. On page 1, line 2,

recommend-it explicitly teaches that the recommend-it services are "100% FREE For Websites

and Internet Users." Additionally, recommend-it includes advertisements, see page 4. As such,

recommend-it is also a non-purchased based model. Finally, recommend-it explicitly indicates

on page 4 that the WebDeck Software is "100% FREE." As such, both recommend-it and

5   MileNet explicitly contradict the Examiner's assertion that the references are silent as to if the

software is purchased. Both references explicitly teach that the recommendations are directed to

free software, and are therefore not directed to a recommendation that results in a purchase and a

reward for the recommendation that is provided only when a related purchase is made, as

claimed.

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CLAIM REJECTIONS UNDER 35 U.S.C. §103(a)

Within the Office Action mailed July 3, 2007 (hereinafter "Office Action"), claims 1-4,

6-10, 12, 13, 15-21, 23, 27-30, 34-36, 40, 41, and 43-51 are rejected under § 103(a) as being

unpatentable over the article titled "recommend-it.com" (hereinafter "recommend-it") in view of

15   "How MileNet Works" (hereinafter "MileNet"). The Applicants respectfully traverse this

rejection.

Recommend-it teaches a service whereby a first user can recommend a website to a

second user. The recommendation comes in the form of an email sent by the recommend-it

service to the second user. To initiate the recommendation, the first user completes a form

20   provided by the recommend-it service. The recommendation form includes an option for the first

user to receive a promotional newsletter. Although this option is presented on the same form that

the first user fills out to recommend the website, the promotional newsletter is not an actual

reward for making the recommendation because the promotional newsletter can be received

regardless of whether the first user makes the recommendation. Specifically, recommend-it

25   teaches on page 1, lines 10-12 that the promotional newsletter is available for free and that the

newsletter can be obtained independent of the recommendation, as indicated by the "Sign up Today!" link on page 1, lines 11-12. Therefore, inclusion of the option to receive the promotional newsletter within the recommendation form is merely a cross-marketing opportunity. Recommending the website and receiving the newsletter are mutually exclusive.

5   Accordingly, recommend-it does not teach offering a reward in exchange for a recommendation, and recommend-it most certainly does not teach offering a reward in exchange for a recommendation that results in a purchase. This is acknowledged by the Examiner in the Response to Arguments section of the Office Action and again within the Advisory Action.

MileNet is cited for offering a reward in exchange for a recommendation. The Examiner

10   states that MileNet teaches a pyramid type of incentive wherein the first user increases their MileNet points based on friends and family installing and using MileNet. The Examiner acknowledges that "[t]he combination of recommend-it and MileNet do not teach purchasing the marketable entity." Yet, the Examiner contends that it would have been obvious in the combination of recommend-it and MileNet for the first user to have bought the item and then to

15   recommend it to a second person. However, "installing and using" a service is not the same as purchasing the service.

A recommendation for a product or service that was not purchased, for example a service that is installed and used for free as in MileNet, is based on a time expense, that is the amount of time spent by the user that installed and used the service. In contrast, a recommendation for a

20   product or service that was purchased is based on a financial expense. A time expense and a financial expense are viewed and valued quite differently. There are at least two advantages of combining a referral system with purchase transactions. The first advantage is the credibility associated with a purchase. A recommendation from an individual that actually made a purchase or transaction for a good or service is likely to carry more weight and credibility than one coming

25   from someone who did not purchase the good or service trying to encourage others to purchase

the good or service. A second advantage to limiting the referral system to purchasers is to avoid

the debasing of the referral system through spamming. If the capacity to disburse referrals were

given freely to non-purchasers, the referral system could be inundated by professional referrers

who spend their days accessing web sites and spamming out as many referrals as possible to e-

5   mail address lists. Such spamming would both erode the good will associated with a personal

referral, and debase the value of each referral.

Since a purchase-based referral system provides different features and benefits than a

non-purchase-based referral system, it is not obvious to transform a non-purchase-based referral

system to a purchase-based referral system by simply buying the item and then recommending it,

10   as suggested by the Examiner. As such, the Applicant requests that the Examiner cite specific

reference to support this position.

The claimed limitations are further differentiated from the combination of recommend-it

and MileNet in that the claimed limitations include offering a reward to the first party in

exchange for a recommendation of a marketable entity, <u>where the recommendation results in a</u>

15   <u>purchase transaction</u>. The Examiner states that MileNet teaches the limitation "offering a reward

in exchange for a recommendation." However, this is not the same as the claimed limitation

because MileNet does not teach that the recommendation results in a purchase transaction.

MileNet teaches that the reward (additional miles) is provided if the referred party installs and

uses the MileNet service. There is no hint, teaching, or suggestion within MileNet of a purchase

20   transaction. Further, for at least the reasons stated above, a purchase transaction is not the same

as a non-purchase transaction, such as "installing and using" as taught by MileNet.

As an additional reason for allowance, there is no hint, teaching, or suggestion that the

recommendation service of recommend-it includes any offer to purchase, as claimed. The

Examiner cites page 2 of recommend-it and states that the first user of recommend-it will send an

25   e-mail to a friend or colleague detailing the site and would include a short description identifying

the website, a link to the website and a personal annotation. However, there is no mention of an offer to purchase a marketable entity, where this offer is included in the actual recommendation. The Examiner states that the recommendation at recommend-it is in the form of an email sent to the second user detailing the software called WebDeck. The recommendation specifically states

5 "thought that you would be interested in 'WebDeck Software', a website located at <http://www.webdeck.com/>." However, the recommendation itself does not include an offer to purchase a marketable entity. As such, recommend-it does not teach a recommendation that includes an offer to purchase where the offer is included within the recommendation itself, as claimed.

10 In summary, the combination of recommend-it and MileNet do not teach transacting a purchase for a marketable entity. The combination of recommend-it and MileNet also do not teach offering a reward to a first party in exchange for a recommendation of a marketable entity, where the recommendation results in a purchase transaction.

15 The independent claim 1 is directed to a method of marketing comprising the steps of: a.) offering a reward to a first party in exchange for a recommendation that results in a purchase of a marketable entity, the recommendation comprising a forwarding of a first e-mail message to a second party, the first e-mail message comprising a personalized referral for the marketable entity and a first set of data, the first set of data comprising a first serial number and a first URL

20 link to a first Web site having an offer to purchase the marketable entity; b.) correlating the first set of data in the first e-mail message to data within a database, the data within the database comprising data relating to the reward offered to the first party; c.) updating the database with an e-mail address of a second party provided by the first party; d.) forwarding the first e-mail message to the e-mail address of the second party, wherein the marketable entity is selected from

25 a group consisting of goods and services; and e.) providing the reward to the first party if the

<u>second party purchases the marketable entity</u>. As described above, the combination of recommend-it and MileNet do not teach transacting a purchase for a marketable entity. The combination of recommend-it and MileNet also do not teach offering a reward to a first party in exchange for a recommendation of a marketable entity, where the recommendation results in a

5   purchase transaction. As such, the independent claim 1 is allowable over recommend-it in view of MilesNet.

Claims 2-4, 6-10, 12-13, 15-21, 23, 27-30, 34-36, 40-41, and 43-45 depend from independent claim 1. As discussed above, claim 1 is allowable over recommend-it in view of MilesNet. As such, the dependent claims 2-4, 6-10, 12-13, 15-21, 23, 27-30, 34-36, 40-41, and

10   43-45 are also allowable as being dependent on an allowable base claim.

The independent claim 46 <u>includes the limitations "transacting a purchase for a first marketable entity</u> by a first party, offering a reward to the first party in exchange for a recommendation of a second marketable entity substantially similar to the first marketable entity

15   to a second party <u>wherein the recommendation results in a purchase transaction</u>, and forwarding an e-mail to a second party, the e-mail comprising the recommendation for the second marketable entity by the first party, an e-mail address of the first party, and a URL link to a Web site having an offer to transact a purchase for the second marketable entity, wherein the first marketable entity and the second marketable entity are selected from a group consisting of goods

20   and services." (Emphasis added) As described above, the combination of recommend-it and MileNet do not teach transacting a purchase for a marketable entity. The combination of recommend-it and MileNet also do not teach offering a reward to a first party in exchange for a recommendation of a marketable entity, where the recommendation results in a purchase transaction. As such, the independent claim 46 is allowable over recommend-it in view of

25   MilesNet.

Claims 47-49 depend from the independent claim 46. As discussed above, the amended

independent claim 46 is allowable over recommend-it in view of MilesNet. As such, the

dependent claims 47-49 are also allowable as being dependent on an allowable base claim.

5   Similarly, independent claim 50 is allowable over recommend-it in view of MilesNet for

at least the same reasons as described above in regard to claims 1 and 46. Claim 51 depends

from the independent claim 50. As such, claim 51 is allowable as being dependent upon an

allowable base claim.

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CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this application

are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is

respectfully requested. If the Examiner believes that a telephone conference would expedite

15   prosecution of this application, the Examiner is encouraged to contact the undersigned at (408)

530-9700.

Respectfully submitted,

HAVERSTOCK & OWENS LLP

20   Dated: ___/0·30-07___   By: _____

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